

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7313**

**BILL NUMBER: SB 547**

**NOTE PREPARED: Jan 20, 2013**

**BILL AMENDED:**

**SUBJECT:** Water Management Authority.

**FIRST AUTHOR:** Sen. Young R

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill transfers authority related to water management from the Natural Resources Commission (NRC) and the Department of Natural Resources (DNR) to the Water Management Authority (Authority). The Authority is an agency for purposes of judicial review and has certain enforcement powers. The bill establishes legislative policy for the management of Indiana's water supply. It also specifies that the Governor may appoint an Administrator of the Authority, who appoints other employees of the Authority.

The Administrator has certain rule-making authority to implement provisions within the bill, including drainage and flood control law. The Administrator may conduct investigations, require the production of documents, and take sworn testimony. State and local governmental entities with knowledge of water resource management are required to provide information as requested by the Administrator. The Office of the Attorney General is required to provide legal services to the Authority.

The bill also eliminates the Bureau of Water and Resource Regulation from the NRC.

The bill provides for the development, adoption, and implementation of a Statewide Water Management Plan and requires the review of the plan at least every five years. The bill provides, upon adoption of the Plan, for the Administrator to assume powers and duties related to:

- (1) Water rights and emergency regulation of surface and ground water;
- (2) Potable water rights;
- (3) Water resources management;
- (4) The Great Lakes Compact;
- (5) Reservoirs;

- (6) Preservation and legal action concerning lakes;
- (7) Flood control;
- (8) Construction of channels; and
- (9) Conservancy districts.

The bill establishes regional water management councils and provides an appeal process for contesting decisions of a council.

The bill establishes a process allowing the Administrator to issue a water management permit.

The bill contains several provisions regarding drainage and wetlands. Specifically, the bill requires the following:

- (1) A governing body or agency of the state is to consult with the Administrator to ensure that an action related to the construction or modification of a ditch does not have certain negative effects.
- (2) The bill defines "wetlands" as an area that is inundated or saturated by surface or ground water at a frequency and duration sufficient to support vegetation typically adapted for life in saturated soil conditions.
- (3) Provides that the Administrator must approve a classification of a project as a drainage project of water management importance.
- (4) Provides that a landowner may petition the Administrator to review a project's classification as a drainage project of water management importance that affects the landowner's land.
- (5) Establishes a process allowing a person to file a petition to prevent the drainage of wetlands on land owned by the person.
- (6) Provides that a drainage board, in determining certain benefits or damages to land: (1) shall take into account the presence of wetlands on the affected land; (2) shall reduce the benefit percentage assigned to the parcel containing an existing wetland that provides natural drainage or retention services to other benefitted land to reflect the existing natural benefit; and (3) may revise a determination to reflect changes if a wetland is removed or modified after the board has determined benefits or damages to the land.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Creation of Water Management Authority* - The bill shifts the responsibility for the management and regulation of water resources from the Department of Natural Resources and the Natural Resources Commission to the newly created Water Management Authority. The Authority will have oversight over issues relating to surface water, ground water, potable water, reservoirs, lakes, streams, the Great Lakes Compact, and water resource management, among others. The Authority is overseen by an Administrator who is chosen by the Governor and must have practical expertise in water management.

The Administrator is required to hire employees with professional and technical expertise relating to water management. The Authority does not create new oversight, but rather consolidates the existing oversight and water management duties of the NRC and DNR. These duties specifically fall under the jurisdiction of the current DNR Water Division. It is possible that there may be no additional cost associated with the creation of the Authority. The ultimate cost or savings from the creation of the Authority is dependent upon policy and hiring decisions made by the Administrator.

The Division of Water at DNR has historically received (FY 2011 - FY 2013) \$4 M per year in state General

Fund appropriations. Additionally, the Division of Water generated roughly \$3.5 M per year in FY 2011 and FY 2012 in revenues from the Land and Water Resources Fund (IC 14-25-10), the Water Environmental Fund (IC 14-25.5-3), the Water Resources Development Fund (IC 14-25-2), the DNR Department of Homeland Security Fund, and other smaller fees that the Division collects.

The Division of Water currently employs 68 full-time and 14 part-time employees. These employees do not include additional support provided by the Administration Bureau at DNR.

*Statewide Water Management Plan* - The Administrator of the Authority is to produce a Statewide Water Management Plan no later than July 1, 2015. The Administrator is to confer with state and local government agencies to obtain information on water management projects and activities in Indiana during the course of creating the Water Management Plan. The Authority is to then manage the water resources of the state according to the guidelines and priorities found within the Water Management Plan. The Administrator is to ensure that the Water Management Plan is updated every five years.

Several other state agencies are required by the bill to participate in the Water Management Plan development process. These include the Department of Environmental Management, the Department of Agriculture, and the Indiana Utility Regulatory Commission. The bill's requirements should be within these agencies' routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Regional Water Management Councils* - Subject to the adoption of the Water Management Plan, the bill creates nine separate councils, one for each hydrological region. Each council consists of the chairperson of each drainage board and soil and water conservation board of each county located within a hydrological region. Councils are required to participate in the development and implementation of the Plan.

#### **Explanation of Local Revenues:**

**State Agencies Affected:** DNR, NRC, Department of Environmental Management, Department of Agriculture, Indiana Utility Regulatory Commission.

**Local Agencies Affected:** County drainage boards, soil and water conservation boards, local water utilities.

**Information Sources:** DNR Division of Water Website ([www.in.gov/dnr/water/2461.htm](http://www.in.gov/dnr/water/2461.htm)); Chris Smith, DNR, [csmith@dnr.in.gov](mailto:csmith@dnr.in.gov).

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